

The Honorable Kymberly K. Evanson

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

STATE OF WASHINGTON, et al.,

Plaintiffs,

v.

UNITED STATES DEPARTMENT OF
EDUCATION, et al.,

Defendants.

NO. 2:25-cv-01228-KKE

DECLARATION OF NATALIE
GUSTAFSON

DECLARATION OF NATALIE GUSTAFSON

I, Natalie Gustafson, declare under the penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct:

1. I am Assistant Director of Behavioral Health and Prevention Services for Northwest Educational Service District 189 (NWESD). I am over the age of 18 and have personal knowledge of all the facts stated herein, including knowledge based on my experience and information provided to me. If called as a witness, I could and would testify competently to the matters set forth below.

2. I submit this Declaration in support of the Plaintiff States' Motion for Preliminary Injunction.

Background

3. I am the Assistant Director of NWESD 189 Behavioral Health and Prevention Services. I direct, manage and supervise numerous prevention and behavioral health initiatives, grants, programs and services throughout a five-county region. I have held several direct service and management positions at the NWESD over the last 11 years, serving as Assistant Director since November 2019. My professional credentials include a Masters of Science in Marriage and Family Therapy, 19 years as a fully licensed Washington State Marriage and Family Therapist, designation as a Child Mental Health Specialist and Washington State Approved Supervisor.

4. NWESD is an Educational Service District (ESD) that serves as a regional liaison between the State of Washington and the schools located in northwest Washington. NWESD provides a vital link between the Washington Office of the Superintendent of Public Instruction (OSPI) and the 35 school districts in its region by providing resources that facilitate the

implementation of essential educational services and statewide education initiatives. NWESD's mission is to promote equity and excellence through leadership and service. NWESD qualifies as a local educational agency under U.S. Department of Education regulations.

5. I direct and manage projects focused on increasing access to a continuum of behavioral health, substance abuse prevention and school safety services and supports at NWESD. I have served as the Project Director on this School Based Mental Health Services grant, called the NWESD SBMHP+ project, since it was awarded late December of 2022 from the Department of Education. Our goal with the NWESD SBMHP+ project is to respond to the needs of students with the most complex mental health concerns. My department is a previous Substance Abuse and Mental Health Services Administration (SAMSHA) Project Award Grantee, and I provided direct services to students and districts under that grant.

The Department's Funding and Discontinuance of NWESD SBMHP+

6. SBMH provides competitive grants to state educational agencies (SEAs), local educational agencies (LEAs), and consortia of LEAs to increase the number of credentialed mental health services providers in LEAs with demonstrated need.

7. NWESD applied for a multi-year SBMH grant on November 2, 2022. NWESD's application is attached as **Attachment A**.

8. In its application, NWESD explained that 40% of the schools in its service area were unable to access critical mental health services for students due to barriers such as geographic isolation, high student-to-provider ratios, attrition, complexity and intensity of mental health challenges, cumbersome and unsuccessful navigation to community-based services, and cultural and linguistic hurdles. For instance, two of the counties in NWESD's

service area are located on islands, and the other three counties contain very rural schools that reach east into the foothills of the Cascade Mountain range and north to the Canadian border, far from the single major interstate (I-5) where most of the population and services are located in this region.

9. To meet that year's SBMH program priorities, NWESD proposed the following goals for its SBMH project: (1) increase the number of credentialed school-based mental health professionals (MHPs) in northwest Washington schools from 10 to 30 providers by December 2027; (2) expand the diversity of credentialed MHPs by at least 25% so as to develop a workforce that more closely represented the students who are served; (3) increase retention of its credentialed MHPs; (4) decrease the ratio of students to MHPs from 1:1,640 to 1:547 by December 2027; and (5) diversify funding mechanisms to sustain MHPs in schools.

10. On December 27, 2022, the Department awarded NWESD a SBMH grant for the NWESD SBMH+ project, Award No. S184H220074. The Grant Award Notification is attached as **Attachment B**. The Department approved a multi-year grant for the performance period of January 1, 2023, through December 31, 2027, and authorized funding for the initial budget period of January 1, 2023, through December 31, 2023.

11. The Department granted continuation awards that funded subsequent budget periods. Most recently, the Department issued a Grant Award Notification, Award No. S184H220074-24, continuing funding for this grant on December 20, 2024, in the amount of \$2,482,094. The current budget period started on January 1, 2025, and ends on December 31, 2025. That document is attached as **Attachment C**.

12. Our SBMHP+ clinicians receive training and support from a comprehensive supervision plan and can therefore provide an elevated level of care beyond what a regular school counselor can provide. Our SBMHP+ clinicians receive specialized training in suicide assessment, eating disorders, neurodivergence, anxiety disorder treatment, childhood grief, and more. SBMHP+ clinicians routinely serve students with significant symptoms of mental health struggles including anxiety, depression, self-harm, suicidality, and PTSD. Students can only access this high level of mental health treatment in schools from SBMHP+ clinicians—if those clinicians went away, there are no other school staff that could provide equivalent care.

13. Since the Department has awarded NWESD this grant, NWESD has been able to increase the number of school-based mental health providers in its region and decrease the student to provider ratio, resulting in mental health services for almost 800 individual students. The executive summary from NWESD's most recent Annual Performance Report is attached as **Attachment D**.

14. By the second year of its five-year project, NWESD had exceeded its early recruitment and retention goals. NWESD was able to use the SBMH grant to develop a recruiting package that allowed it to fill positions more quickly than anticipated. For instance, by the end of its second year, NWESD had hired 18 new SBMHP+ clinicians—outpacing not only its original year two goal of 14 professionals, but its year three goal of 17 professionals. NWESD saw only one SBMHP+ leave during this period, and it was quickly able to fill that position.

15. The increase in staffing has already allowed NWESD to improve its SBMHP+-to-student ratio by 60%—from 1:1,160 to 1:656. The National Association of School Psychologists recommends a ratio of one provider for every 500 students. Many schools across

the country do not meet this recommended ratio, and lowering our ratio is an important step towards delivering comprehensive service for all students. In 2024, NWESD was able to provide 795 individual students with 7,870 mental health related service sessions—allowing students to access treatment during the school day that they may not have otherwise been able to access or would have had to experience a disruption to their school day to receive.

16. NWESD is so proud of the positive results we have already seen for our schools and students. As an example, one of our school psychotherapists hired by a SBMH funded grant said, “It is amazing how teaching just one student healthy communication skills and self-compassion can transform the dynamics of an entire family or friend group.”

17. In my experience, discontinuance of a project’s funding is rare and I have never had a project’s funding discontinued or terminated.

18. Nevertheless, on April 29, 2025, the Department sent notice that NWESD’s SBMH award would be discontinued at the end of the grant’s current budget period, which is December 31, 2025. Given that the Department originally approved this grant’s performance period through December 31, 2027, NWESD faces a loss of over \$7.5 million in prospective federal and matching funds, including close to \$2 million that it had expected to receive for the second half of the upcoming 2025–26 school year. The Department’s Notice of Non-Continuation of Grant Award is attached as **Attachment E**.

19. The notice came without any previous process or communication about the discontinuance from the Department. It purported to discontinue the grant based on 34 C.F.R. § 75.253(a)(5) and (f)(1). These regulations allow the Department to not continue a grant if it determines that continuation of the project is not in “the best interest of the Federal Government.”

34 C.F.R. § 75.253(a)(5); 34 C.F.R. § 75.253(f)(1). In making this determination, the Department limited its considerations to “any relevant information regarding grantees’ performance.” 34 C.F.R. § 75.253(b). However, this notice failed to cite anything regarding NWESD’s performance.

20. Rather it “determined that the grant specified above provides funding for programs that reflect the prior Administration’s priorities and policy preferences and conflict with those of the current Administration.” It then went on in boilerplate fashion to list a mishmash of reasons, claiming the programs: “violate the letter or purpose of Federal civil rights law; conflict with the Department’s policy of prioritizing merit, fairness, and excellence in education; undermine the well-being of the students these programs are intended to help; or constitute an inappropriate use of federal funds.” Based on this boilerplate language, NWESD has no way of knowing which reason(s) applied as the Department’s basis for discontinuing the SBMH grant for the NWESD SBMH+ project.

Harms from the Department’s Decision to Discontinue NWESD’s SBMH Grant

21. The discontinuance of NWESD’s SBMH grant will severely negatively impact the NWESD SBMH+ project.

22. It is widely understood that mental health professionals in schools can help reduce student anxiety and depression, substance abuse, suicidality, and behavioral issues. It is also commonly accepted that mental health professionals in schools can improve student academic performance, student-staff engagement, and the emotional and social climate of a school. Without the SBMH+ clinicians, we expect to lose many of the improvements we had seen at our schools in these important areas.

23. Although NWESD can still access funding through the end of its current budget period on December 31, 2025, NWESD is already experiencing the harmful effects of this discontinuance. If the Department does not rescind its discontinuance decision, NWESD will be forced to lay off 19 of our 26 School Based Mental Health Clinicians. This means we would lose *more than two thirds* of the mental health professionals who currently serve schools in NWESD's region—mental health professionals whom NWESD has spent considerable time and expense to recruit and retain, whom NWESD has spent considerable efforts to supervise and train to specifically work with NWESD's student populations, and who have, over the past two years, become a trusted adult presence in our students' lives and trusted partners in their school districts' efforts to develop a full continuum of multi-tiered student supports. NWESD will lose all of the benefits and investments it has spent the past two years making under the NWESD SBMH+ program. When we applied for this grant, we expected to need the full five-year project term to recruit, train, and retrain qualified clinicians. Discontinuing the grant after three of those five years leaves us high and dry part way through the project.

24. NWESD has recruited and hired 19 school-based mental health professionals using SBMH grant funds – almost tripling the total number of SBMHP+ clinicians serving northwest Washington schools. And we intend to use grant funds to partially fund a 20th SBMHP+ until December 31, 2025. In order to attract and retain qualified SBMHP+ clinicians to work in NWESD's high-need schools, including schools in more remote locations that have the most barriers to accessing mental health services and have historically been difficult to staff, NWESD has used SBMH grant funds to put together an attractive recruiting package that includes equitable compensation and annual retention stipends. Spurred by the strong interest in

mental health services from northwest Washington school districts, NWESD has outpaced its initial hiring goals under the NWESD SBMH+ program.

25. NWESD uses SBMH funds to pay salaries and benefits for the 19 SBMHP+ clinicians it has hired for the NWESD SBMHP+ program. NWESD has also used funds to pay retention incentives and professional development and training for its SBMHP+ clinicians. In 2024, NWESD's staff members participated in training designed to enhance their work with the age groups or populations they serve, such as Trauma Focused Cognitive Behavioral Therapy and other trauma specific trainings, Suicide Assessment, and Anxiety Disorder Treatment. NWESD has also ensured that its SBMHP+ clinicians participate in quarterly regional group training and receive clinical and program procedural training via quarterly Professional Learning Communities (PLC) day-long sessions.

26. NWESD also uses SBMH program funds to support three clinical supervisors who provide weekly, individual clinical supervision to the SBMHP+ clinicians. Additionally, the NWESD SBMH+ staff include two paid student interns whom NWESD were able to hire into fulltime clinical positions after they became credentialed as associate mental health counselors, and four SBMHP+ staff who completed professional hours under NWESD's supervision, passed their licensing exams, and now practice with NWESD as fully credentialed and licensed counselors.

27. During the first two years of the NWESD SBMHP+ program, only one SBMHP+ left their role, and NWESD was able to quickly fill that position. As a result, the nearly 800 individual students who received mental health services from SBMH-funded SBMHPs in 2024

have been able to develop lasting relationships with the individual MHPs who have counseled them, and these SBMHPs have become a stable presence in our students' lives.

28. These SBMHP+ clinicians have also become trusted members of the school districts they serve. NWESD's partner school districts have been working hard to develop a full continuum of multi-tiered systems of supports (MTSS)—a team-based framework that includes engaging other school staff members, such as teachers, to provide more effective behavioral health services to the general student population and to identify students who may need more intensive support. Having access to and support from a licensed mental health professional enables these school districts to develop their continuum of supports, resulting in a safer, healthier student body.

29. Our SBMHP+ clinicians, school, staff, and students are experiencing so much uncertainty since we received the notice of discontinuance. I have had SBMHP+ clinicians ask me, "Do I need to say goodbye to my students now?" One of the most important things our clinicians give their students is stability and continuity of care. But without the grant funding, we are all experiencing uncertainty and chaos.

30. If the Department does not rescind its decision to discontinue NWESD's SBMH grant award, NWESD will lose all of the gains it has made in recruiting, retention, supervising, and training these SBMHPs, developing trust between students and SBMHPs, and developing relationships between SBMHPs and other school staff members.

31. As previously stated, NWESD's SBMHP+ clinicians have served almost 800 students. These students have mental health diagnoses that rise to a level of severity that school

counselors are not qualified to serve. Without the SBMHP+ clinicians, these 800 students will not be able to access mental health care at school and will likely not be able receive care at all.

32. Our district is home to several community mental health agencies, but no community mental health agency in the district could accommodate 800 new children and adolescent patients. Furthermore, our district has many rural, isolated areas. This means that some families who live on an island or in a particularly rural area may be forced to drive over an hour each way for services. For some families, including some of our low-income families, this is not a feasible solution—some children simply will not be able to access mental health resources outside of school. We know that a high percentage of schoolchildren who receive mental health support receive that support at school. Without access to mental health services in schools, students' mental health will suffer. In compliance with SBMH program requirements to provide at least 25% funding from non-federal sources, the NWESD SBMHP+ program is partially supported by non-federal funds from fifteen partner school districts. These school districts must adopt their 2025-26 school year budgets by July 31, 2025. Because these school districts provide only a limited partial match, these funds are not sufficient to retain the SBMHPs. Further, the early end of this grant does not allow the time necessary for NWESD to develop a plan to sustain services. NWESD has been building relationships with county governments and other community partners, and has begun a pilot project to evaluate the feasibility of using Medicaid as a funding source for our Medicaid enrolled students, but these things take time. NWESD's region is particularly strapped right now as the northwest Washington economy has been hit by a sharp decline in cross-border shopping and travel from Canadian tourists who are choosing to spend their dollars elsewhere.

33. There is no way to recover lost time or restore continuity once disrupted, and staff who depart will take their training and expertise with them, requiring new investment in recruitment, hiring, and training.

34. Even if the Department were to re-bid SBMH funds, and NWESD were to receive a new grant award, the harm would already be done. If the discontinuance is not set aside, NWESD's partner school districts will repurpose their matching funds, preventing NWESD from participating in the SBMH program next year. NWESD will be forced to lay off the 19 SBMHPs it hired under the NWESD SBMH+ program, and it will not be able to easily rehire them, as there is a national shortage of qualified school-based mental health professionals—especially ones who are willing to work in rural and low-income school districts—and these SBMHPs will be able to find employment elsewhere. NWESD will lose the investments it has made in training these individual SBMHPs, the trust these individual SBMHPs have built with our students, and the relationships these individual SBMHPs have developed with other staff members in the school districts they serve. NWESD will also have more difficulty recruiting SBMHPs, as prospective applicants will be reluctant to take a job position that is so susceptible to the arbitrary and unpredictable loss of federal funding. Indeed, since the discontinuances, two clinicians submitted resignations and will not start next school year.

35. My understanding is that the SBMH program was created following several devastating school shootings in our country. We have also seen student mental health suffer since the COVID-19 pandemic. Funding mental health support in our schools is an incredibly important issue and our SBMH+ program is making positive progress in this area. It would be devastating for our schools and our students to stop now.

Conclusion

36. The discontinuance of NWESD's SBMH grant undermines NWESD's mission to promote equity and excellence through leadership and service, as well as the Department's "mission to ensure equal access to education and to promote educational excellence throughout the Nation." 20 U.S.C. § 1228a(a). These discontinuances make it harder to train and secure talent and to fund providers so that our children may access mental health services. These discontinuances also directly harm our students' mental health. To meet budgetary deadlines, NWESD and its partner school districts are making difficult decisions in the next few weeks and are already in the process of terminating staff positions. These harms are ongoing and will be irreparable if they are not stopped.

37. On May 28, 2025, NWESD submitted a request for reconsideration to the Department. On June 17, 2025, NWESD withdrew this request for reconsideration.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

DATED this 30 day of June, 2025, at Anacortes, Washington.



NATALIE GUSTAFSON

NWESD Assistant Director of Behavioral Health
and Prevention Services